

Trade Shows and the Texas Sales and Use Tax

Exhibitors participate in trade shows to solicit business. If products are sold at the show, or if orders are taken and later accepted out of state, or if the show is used to promote sales in the future, any exhibitor selling taxable items needs a Texas sales and use tax permit.

"I pledge to make sure you receive full value for each and every dollar you send to Austin. I guarantee that you will find the Comptroller's Office is a lean and efficient operation."



JOHN SHARP
Comptroller of Public Accounts



State and Local Sales and Use Taxes

Texas has a 6¼ percent *state* sales or use tax. Cities, counties, transit authorities and other special purpose districts may adopt local sales and use taxes. These local taxes range from ¼ percent to 2 percent and are collected with the state sales or use tax.

For help in determining which local tax to collect, ask for our publication, *A Guide to Local Sales and Use Taxes* (# 96-108).

For a list of the cities, counties, etc., with local tax and their rates, ask for our publication, *Texas Sales Tax Rates* (#96-132).

Tax Permits

Every retailer in Texas needs a sales tax permit. An exhibitor without a Texas location needs a *use* tax permit. There is no fee for either permit.

The Comptroller's field offices can issue a sales and use tax permit. Application packets are available by calling the toll-free number 1-800-252-5555.

Sales Tax Bond

Some new permit holders must provide a bond to ensure payment of tax. There are many ways to satisfy

this requirement. Surety bond, cash, a letter of assignment or letter of credit from a bank, savings and loan institution or credit union are acceptable bonds.

The bond is returned to the permit holder after two years if all tax is paid promptly.

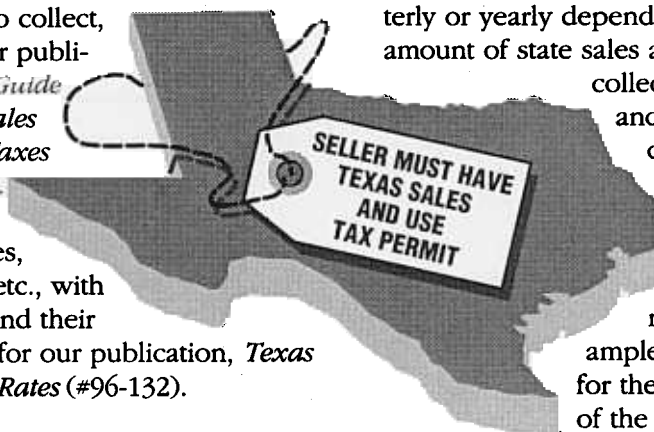
Sales Tax Returns

Tax returns are filed monthly, quarterly or yearly depending on the amount of state sales and use tax collected. Reports and payments are due by the 20th of the month following the report period. For example, the report for the first quarter of the year—January, February and March—is due on April 20th.

Filing the report and paying the tax promptly entitles the exhibitors to ½ percent of the tax collected as compensation for their time and effort.

Tax Collection/Resale Certificates

An exhibitor must collect sales or use tax or get a resale certificate from the purchaser when merchandise will be resold. An exhibitor who does not get a resale certificate will be liable for the sales or use tax.



Franchise Tax Exemption

There is an exemption from the Texas Franchise Tax for out-of-state corporations whose only activity in Texas is soliciting orders at trade shows. But the exemption is limited. To fall within this provision the corporation must:

- make no more than five visits during the corporation's accounting year, and
- the visits must not be more than 120 consecutive hours each.

If a corporation has obtained from the Texas Secretary of State a "Certificate of Authority" to do business in Texas and the corporation's only activity in Texas falls within the trade show exemption described above, the corporation still qualifies for the exemption from the Texas Franchise Tax. But to obtain the exemption, it must notify the Comptroller's Office of its activities by the due date of the franchise tax report. (The corporation also must notify the Comptroller when it no longer qualifies for the exemption.)

TEXAS RESALE CERTIFICATE	
Name of purchaser, firm or agency	Phone (Area code and number)
Address (Street & number, P.O. Box or Route number)	
City, State, ZIP code	
Texas Sales or Use Tax Permit Number (or out-of-state retailer's registration number or state approval for Texas Permit) <div style="border: 1px solid black; width: 100px; height: 1.2em; display: inline-block;"></div> (must contain 11 digits if from a Texas permit)	
<p>I, the purchaser named above, claim the right to make a non-taxable purchase for resale of the taxable items described below or on the attached order or invoice from:</p> <p>Seller: _____</p> <p>Street address: _____</p> <p>City, State, ZIP code: _____</p> <p>Description of items to be purchased or on the attached order or invoice:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Description of the type of business activity generally engaged in or type of items normally sold by the purchaser:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>The taxable items described above, or on the attached order or invoice, will be resold, rented, or leased by me within the geographical limits of the United States of America, its territories and possessions, in their present form or attached to other taxable items to be sold.</p> <p>I understand that if I make any use of the items other than retention, demonstration or display while holding them for sale, lease or rental, I must pay sales tax on the items at the time of use based upon either the purchase price or the fair market rental value for the period of time used.</p> <p>I understand that it is a criminal offense to give a resale certificate to the seller for taxable items that I know, at the time of purchase, are purchased for use rather than for the purpose of resale, lease, or rental and, depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.</p>	
Purchaser sign here	Title Date
This certificate should be furnished to the supplier. Do not send the completed certificate to the Comptroller of Public Accounts.	



For Information on Trade Shows Call Toll Free 1-800-252-5555.

We're Here To Help! Call Toll Free!

If you have questions or need information on a specific tax, please call our toll free numbers:

1-800-252-5555

Attorney Occupation Tax
Automotive Oil Fee
Boat and Boat Motor Sales Tax
Mixed Beverage Tax
Sales Tax
Tire and Battery Fees
General Information

1-800-252-1381

Bank Franchise
Franchise Tax

1-800-252-1384

Coastal Protection
Crude Oil
Natural Gas

1-800-252-1382

Interstate Motor Carrier
Manufactured Housing
Motor Vehicle Rental
Motor Vehicle Sales

1-800-252-1385

Amusement Tax
Hotel Occupancy Tax
Inheritance Tax

1-800-BBS-TEXAS

475-1051 (Austin)
Window on State
Government
Bulletin Board
System (BBS)

1-800-252-1383

Fuels Tax
LG Decals
Petroleum Products
Delivery Fee

1-800-531-5441

Cement Tax
Local Revenue
Miscellaneous
Gross Receipts
Oil Well Servicing
Sulphur Tax

1-800-252-1387

Insurance Tax

In Austin, call 463-4600. From a Telecommunication Device for the Deaf (TDD) only, call 1-800-248-4099. In Austin, the local TDD number is 463-4621.

Comptroller of Public Accounts Tax Publications

Publication #96-276-C
Revised March 1994.

For additional copies write:
Comptroller of Public Accounts
Account Maintenance
111 E. 17th Street
Austin, Texas 78774-0100.

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In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by calling the appropriate toll-free number listed at left, or by calling:

(512) 463-4600 in Austin
(512) 475-0900 (FAX)
1-800-RELAY-TX (TDD).